

**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
THE INCORPORATED COUNTY OF LOS ALAMOS  
AND  
MADRONE COMMUNITY DEVELOPMENT CORPORATION**

This Memorandum of Understanding (“Agreement”) is entered into as of [\_\_\_\_], 2026 by and among the **Incorporated County of Los Alamos**, an incorporated county established under the laws of the State of New Mexico (the “State”), and duly organized and existing under the laws of the State (the “County”) and **Madrone Community Development Corporation**, a California nonprofit public benefit corporation (“Madrone”) (County and Madrone are collectively referred to herein as the “Parties”).

- A. **WHEREAS**, the County previously issued its Solicitation for Lease or Sale and Development of Selected County-Owned Parcel Known as A-8-A (Eastern Area No. 2) (the “Solicitation”), issued July 8, 2024, seeking proposals from developers to lease or purchase and improve the Property and deliver a mix of residential unit types at moderate residential densities comprised of apartments or condominiums in addition to low maintenance moderate-density rowhome, patio-style, or similar smaller lot residential units (collectively, the “Proposed Development”); and
- B. **WHEREAS**, Servitas, LLC (the “Developer”) submitted a response to the Solicitation proposing to partner with a 501(c)(3) organization to undertake the Proposed Development; and
- C. **WHEREAS**, the County has engaged the Developer to serve as the developer of the Proposed Development, and pursuant to this Agreement does hereby select Madrone to serve as the nonprofit 501(c)(3) organization to serve as the owner of the Proposed Development; and
- D. **WHEREAS**, on July 8, 2025, the County and the Developer entered into a nonbinding term sheet (the “Term Sheet”) relating to the acquisition of the Property by the Developer, or a single purpose entity created and owned thereby (the “Purchaser”), and the undertaking of the Proposed Development through the construction of approximately three hundred eighty (380) workforce housing units (the “Project”) and imposition of a rent restriction, in perpetuity, of certain units of the Project upon the occurrence of certain actions by the Developer and the County; and
- E. **WHEREAS**, on September 30, 2025, the County Council approved Ordinance No. 746, *An Ordinance Authorizing the Sale of Certain County-Owned Real Property Located in the Incorporated County of Los Alamos Generally Described as Lot A-8-A, also known as 125 DP Road, Los Alamos, New Mexico*, to Servitas which became effective on November 9, 2025; and
- F. **WHEREAS**, as March 12, 2026, Servitas-Los Alamos Housing 1, LLC became the fee simple owner of the real property and existing improvements comprised of a single 21.92-acre parcel known as the A-8-A parcel located at 125 DP Road, Los Alamos, New Mexico (the “Property”); and

- G. WHEREAS**, the Rent Restricted Units are the only units of the Project that must be rent-restricted in perpetuity; and
- H. WHEREAS**, the County, pursuant to Chapter 6, Article 27 of the New Mexico Statutes, and Chapter 14, Article VII of the Los Alamos County Ordinances, is empowered to acquire, purchase, lease, construct, reconstruct, improve, alter, extend or repair, operate and maintain a housing project for persons whose gross income does not exceed one hundred twenty (120%) percent AMI; and
- I. WHEREAS**, on August 27, 2024, the County Council approved a Los Alamos Affordable Housing Plan (the “Housing Plan”), which identified a need of approximately 1,300 – 2,400 additional units of housing in the County between 2024 and 2029, including approximately 384 – 661 units of rental housing for persons whose gross income does not exceed one hundred twenty (120%) percent AMI; and
- J. WHEREAS**, the County has determined that the provision of affordable housing for low-income and moderate-income residents of the County, generally, and the Project, specifically, to be burdens of government, and has manifested such determination through the adoption of the Housing Plan, the issuance of the Solicitation, the selection of the Developer and its proposed consortium to finance, develop, design, construct and operate the Project, and the adoption of Resolution No. 26-08 of the Council of the Incorporated County of Los Alamos dated April 7, 2026; and
- K. WHEREAS**, Madrone has established [REDACTED] LLC, a New Mexico limited liability company (the “Owner”), the sole member of which is Madrone, for the purpose of owning title to the Project; and
- L. WHEREAS**, the Owner expects to finance the Project by causing the issuance of tax-exempt and/or taxable bonds (the “Bonds”) by [REDACTED], or another conduit issuer (the “Issuer”), borrowing the proceeds of such Bonds from the Issuer, and applying such proceeds to the acquisition of the Property, the construction of the Project and related expenses; and
- M. WHEREAS**, Madrone and the County seek to memorialize their collective understanding of the Project and the respective undertakings of the Owner and the County relating to the development and operation thereof.

**NOW THEREFORE**, in consideration of the mutual covenants set forth herein, the Parties hereto agree as follows:

- 1. Governmental Burden.** The County has governmental burdens of providing affordable housing for low-income and moderate-income residents of the County and has determined that redeveloping the Property and providing an affordable and/or moderate housing facility providing at least three hundred eighty (380) units at the Property is necessary at this time. The Parties intend that the Owner will alleviate the County’s burden by undertaking the development, financing, construction and operation of the Project through the issuance of the Bonds and the construction and management of the Project. The Parties anticipate that the Owner will construct and operate the Project at a lower cost than the County would otherwise be able to through a for-profit developer, as the Owner will finance the Project with tax-exempt

bonds at a lower cost of borrowing than a private developer, and, as a 501(c)(3) nonprofit entity, will charge a substantially lower overhead cost than private developers.

2. **Acquisition of Property and Dedication of Units.** The Parties expect that the County will sell the Property to the Purchaser, and that the Purchaser will agree to dedicate a certain number of units developed at the Property to serving residents with incomes at or below certain levels of AMI. The Parties expect that the Purchaser will, in turn, sell the Property to the Owner pursuant to a purchase and sale agreement that will require that the Owner to obtain financing for, construct, and operate the improvements constituting the Project. The Parties expect that, upon the retirement of the Bonds, the Property will be reconveyed by the Owner to the County or another nonprofit organization, as directed by the County, for the continued operation of the Property for the benefit of the County.
3. As consideration for acquiring the Property and undertaking the Project, the Owner will receive an initial fee from proceeds of the Bonds and an ongoing annual fee from revenues of the Project.
4. **County and Owner Coordination of Project.** The Parties expect that the Owner and the County will enter into a coordination agreement, or similar agreement (the “Coordination Agreement”) that, among other things, will establish a committee, with members appointed by the County and Owner, which will meet periodically and serve in an advisory role regarding the construction, renovation and management of the Project, including the development and consideration of the Project’s annual budget.
5. **Net Cashflow of Project.** The Parties acknowledge that annual revenues of the Project may, following payment of all operating costs and debt service of the Owner, yield net cashflow. The Parties intend that the Coordination Agreement will provide that any net cashflow of the Project will be provided by the Owner to the County or otherwise applied by the Owner as directed by the County and in furtherance of lessening the governmental burdens of the County and conveying a financial interest and thus an insurable interest in the Project and its operations to the County.
6. **Nature of Agreement.** The Parties agree that this Agreement sets forth the current expectations of the Parties and does not bind the Owner to acquire the Property or the Parties to enter into the Coordination Agreement or otherwise undertake the Project.
7. **Miscellaneous.**
  - a. **Governing Law.** The Agreement shall be governed by the laws of the State of New Mexico except for the Choice of Law provisions in the laws of the State of New Mexico
  - b. **Amendments.** This Agreement may only be amended by the mutual written agreement of the Parties.
  - c. **Separability of Provisions.** Each provision of this Agreement shall be considered separable, and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement which are valid.
  - d. **Further Assurances.** Each of the Parties hereto shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and

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between the Incorporated County of Los Alamos  
And Madrone Community Development Corporation

things reasonably necessary in connection with the performance of their obligations hereunder to carry out the intent of the Parties hereto.

- e. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the Parties shall not have signed the same counterpart. Duplicates of this Agreement containing all counterpart signatures, whether produced from an electronically stored copy, digital, facsimile, photocopy, or other means, shall be treated as though the duplicate is an original copy of the Agreement and shall be deemed as evidence of the terms of this Agreement.
- f. Entire Agreement. This Agreement sets forth all (and is intended by all Parties to be an integration of all) of the representations, promises, agreements and understandings among the Parties hereto with respect to the subject matter hereof, and there are no representations, promises, agreements or understandings, oral or written, express or implied, among them with respect to such subject matter or the enforceability or effect of this Agreement, other than as set forth or incorporated herein.

This Memorandum of Understanding is executed as of the date set forth above.

MADRONE COMMUNITY DEVELOPMENT  
FOUNDATION, a California nonprofit public benefit  
corporation

By: \_\_\_\_\_  
Richard Nicholas Waugh, President

INCORPORATED COUNTY OF LOS ALAMOS

By: \_\_\_\_\_  
Anne W. Laurent, County Manager